

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 7008 – SB 7006
FIRST EXTRAORDINARY SESSION
January 21, 2010

SUMMARY OF AMENDMENT (012656): Requires the Tennessee Higher Education Commission (THEC) to include input from public universities and community colleges when rewriting the state public higher education master plan.

Requires institutional mission statements to characterize the institution by stating how it is distinct in its research and public service benefiting Tennessee citizens.

Prohibits any part of the original bill from interfering with research and related activities that are consistent with an institution's mission

Requires THEC to engage regional and statewide constituencies when developing the new public higher education master plan so that the plan provides higher education opportunities that benefit Tennessee citizens.

Requires THEC to consider factors unique to community colleges when rewriting the state public higher education funding formula and policies.

Requires THEC to report any projected tuition increases for the next academic year to the Office of Legislative Budget Analysis and the Comptroller of the Treasury by December 1st each year.

Requires THEC to consider the views of chief operating academic officers and faculty senates of respective campuses when developing the common 60-hour instructional tract program.

Establishes a goal of fostering and promoting research in science, technology, engineering, and mathematics that encourages entrepreneurship in these areas.

Changes references related to fostering of economic growth and increasing the number of science, technology, engineering, and mathematics doctoral students and collaborative research and development by interdisciplinary teams to include other public state universities and their faculty.

Requires THEC to submit a comparative analysis of projected funds to be received by each public higher education institution under the revised funding formula and the old funding formula to the chairs of the Education and Finance, Ways, and Means Committees of the General Assembly. The analysis shall be calculated as though the old funding formula was in effect for FY11-12.

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Requires THEC to send the annual report on revisions and recommendations to the higher education funding formula and master plan to the Finance, Ways, and Means Committees of the General Assembly and deletes the requirement that the Select Oversight Committee on Education receive this report.

Requires the Memphis Research Consortium to explore and develop strategies and plans for establishing and enhancing research and development opportunities in public health and related fields. Requires the Consortium to make a report on the progress of these plans and strategies to the Education Committees of the General Assembly by February 1, 2011.

Requires the Tennessee Board of Regents (TBR) and the Department of Labor and Workforce Development to develop a plan to transfer the administration of the adult basic education program from the Department of Labor and Workforce Development to TBR. Requires TBR to make a report to the chairs of the Education and Finance, Ways, and Means Committees of the General Assembly on the transfer plan and any needed statutory changes by December 1, 2010.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$1,037,000/FY 10-11
\$1,744,000/FY 11-12
\$3,411,500/FY 12-13

Other Fiscal Impact – Substantial funds from recurring appropriations of state revenue and other funding sources will be shifted from existing programs and activities of THEC, TBR, and UT to fund development and implementation of the new statewide master plan for higher education, articulation agreements between two-year and four-year public institutions, and remedial education programs. THEC, TBR, and UT are unable to specify the amount of funds and resources that will be shifted and are unable to identify the current programs that will be affected. New state appropriations to fund these activities will not be made.

The first three years of the UT-ORNL collaboration agreement will require a non-recurring state appropriation totaling \$6,192,500. Expenditures from this appropriation will be spread over three fiscal years. Non-recurring funding in the amount of \$6,000,000 is included in the appropriations bill to fund this legislation. If the federal grants and contract monies available for the UT-ORNL collaboration agreement at the end of the three-year state appropriation period for FY13-14 and thereafter are not enough to fully fund the program, the program will be scaled back or another source of funds will be required.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

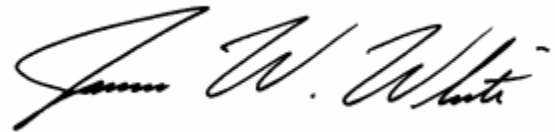
Assumptions applied to amendment:

- Requiring input from community colleges when developing the new higher education master plan will have no fiscal impact on state government.
- Revising institutional message statements will have no fiscal impact on state government.
- Providing for the continuation of research and related activities in accordance with an institution's mission will have no fiscal impact on state or local government.
- Requiring the new higher education master plan to provide educational opportunities for Tennessee citizens will have no fiscal impact on state or local government.
- Requiring the new funding formula to consider factors related to community colleges will have no impact on state or local government.
- Any increase in state expenditures for THEC to submit a report on projected tuition increases to the Office of Legislative Budget Analysis and the Comptroller of the Treasury is estimated to be not significant.
- Requiring THEC to consider the views of chief academic officers and faculty senates of respective campuses when developing a common 60-hour instruction tract will have no fiscal impact on state government.
- Establishing goals related to increasing and promoting research and technology for the University of Tennessee and other state higher education institutions will have no fiscal impact on state or local government.
- Any increase in state expenditures for THEC to submit a comparative funding formula analysis to the chairs of the Education and Finance, Ways, and Means Committees of the General Assembly is estimated to be not significant.
- Changing the committee that the annual report on recommended changes in the public higher education funding formula and master plan goes to will have no fiscal impact on state government.
- Any increase in state or local expenditures for the Memphis Research Consortium and its partners to develop and enhance collaborative plans and strategies in public health care and related fields is estimated to be not significant.
- Any increase in state or local expenditures for THEC and TBR in conjunction with the Department of Labor and Workforce Development to plan for the transfer of the adult basic education program to TBR and to submit this plan for review to the chairs of the Education and Finance, Ways, and Means Committees is estimated to be not significant.

- Any increase in state expenditures for TBR to establish a new Vice Chancellor of Community Colleges will be absorbed within existing resources by shifting funds and positions away from existing programs.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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